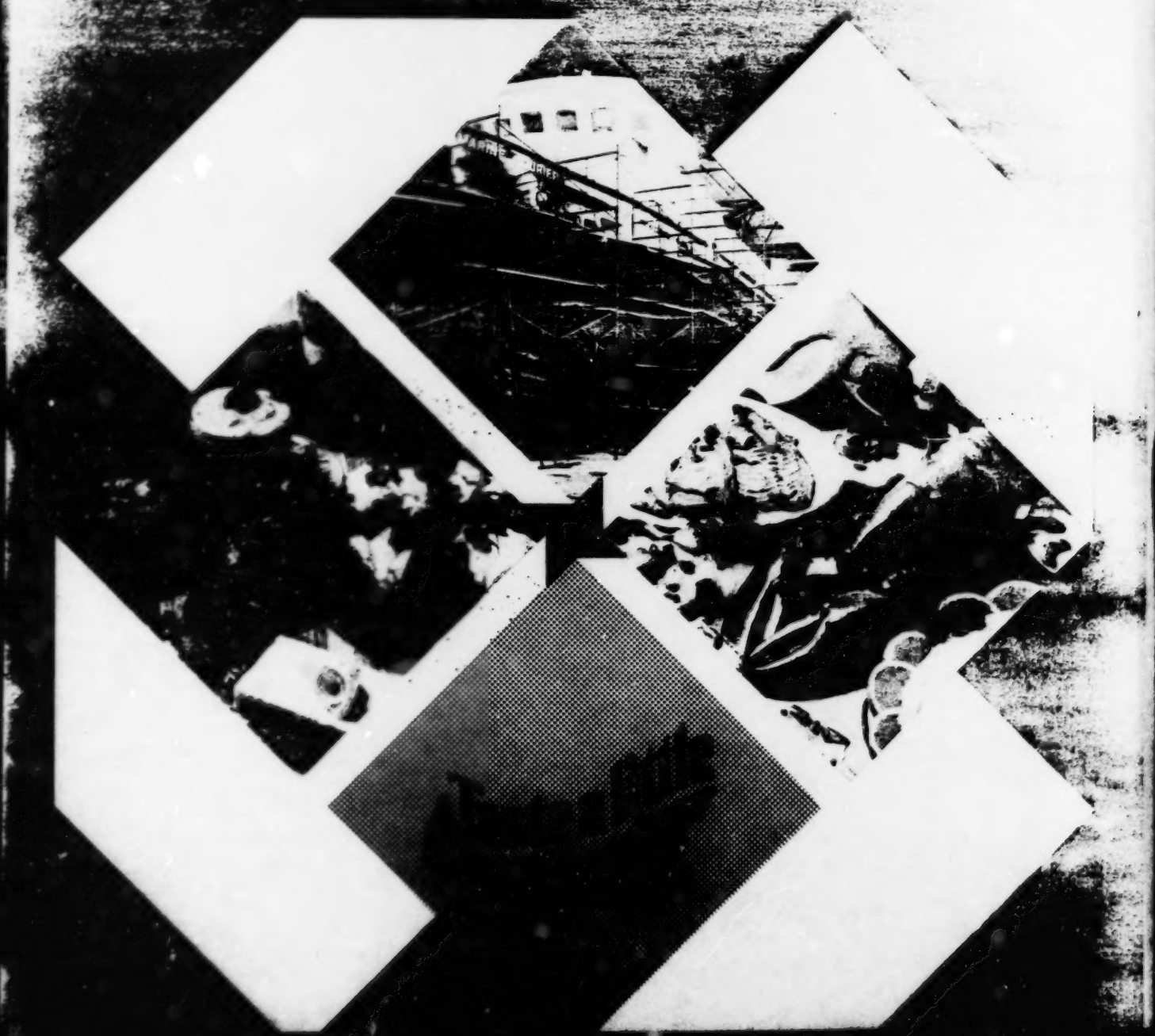
MARKET DEVELOPMENT CENTRE

ANNUAL REPORT 1983



Market Development Centre

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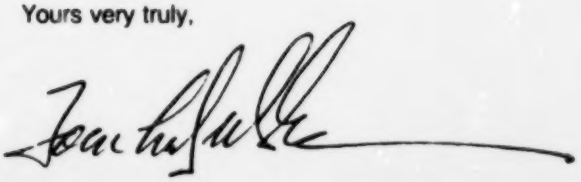
March 31, 1984

The Honourable Patrick G. Binns
Minister,
Department of Industry
P.O. Box 2000
Charlottetown, P.E.I.
C1A 7N8

Dear Sir:

In accordance with the provisions of the Market Development Centre Act, I enclose the Annual Report of the Market Development Centre for 1983 and a statement of the Corporation's accounts for the twelve months ending March 31, 1983.

Yours very truly,



Thomas L. DeBlois
Chairman

Encl.

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A. Island Companies, Commodity Boards, Marketing Boards, Associations and Government Departments which received assistance from the Market Development Centre in 1983.

B. Board of Directors and Staff

C. Financial

Background

The Prince Edward Island Development Plan pinpointed the existence of a "marketing gap" as one of the principal reasons that the Island economy had not achieved its full potential. To overcome this deficiency, it was recommended that a marketing research and counselling agency be created to assist agricultural, fisheries and industrial producers in the Province.

In 1969 the Natural Products Marketing Research Centre was established to meet the above requirements. On April 14, 1972, the name was changed to Market Development Centre and legislation establishing the Centre as a Prince Edward Island Crown Corporation was passed.

Bylaws were established and approved by Order of His Honour the Lieutenant Governor-in-Council dated September 17, 1972, to control and direct the operation of the Market Development Centre. The legislation provides for a Board of Directors of ten persons, seven representing the private sector, three the government, all of whom are appointed by the Lieutenant Governor-in-Council.

Projects undertaken by the Market Development Centre are cost shared between the Department of Regional Economic Expansion (DREE) and the Prince Edward Island Government.

Objectives

The Market Development Centre provides a marketing consulting service which is available to all Prince Edward Island primary producers, processors and manufacturers. This service is provided freely, or, in the case of a major project, at shared cost.

The objectives are as follows:

- to strengthen domestic markets for Agriculture, Fisheries and Manufactured Products originating on Prince Edward Island
- to explore, determine and develop international markets for Prince Edward Island products
- to determine market potential and encourage businessmen to take advantage of identified opportunities
- to provide marketing service to the provincial line departments of Agriculture, Fisheries and Industry
- to improve the image of Prince Edward Island primary, processed and manufactured products in all major markets
- to provide assistance in package design, labelling, and sales promotion, to primary producers, processors and manufacturers
- to develop new products, reformulate existing products and provide quality control services
- to provide a market information service to Island producers, processors and manufacturers including pricing data, tariffs, patents, franchises, technical innovations, market reports, etc.

1983 Program Activities

- A total of 309 projects were initiated on behalf of M.D.C.'s clients
- Projects initiated by sector:

Agriculture	85
Fisheries	78
Industry	111
General	35
	309

- 27 projects in the area of sales assistance.
- 40 projects in the area of product development.
- 39 projects in the area of market education, organization and research.
- 83 projects providing assistance in advertising and promotion of Island products.
- 63 projects for Island firms to participate in trade shows.
- 5 projects to provide assistance in product design.
- 44 projects to provide market familiarization trips and organize incoming buyers.
- 5 projects providing complete marketing programs.
- 1 project providing specialized marketing assistance.
- 1 project in the area of licensing and joint venture.
- 1 project in the area of export development.

The Future

- Increased emphasis on market research activities to identify market opportunities for Island products in domestic and export markets and determine the potential for new products.
- Continued efforts on development of new products and expansion of existing product lines. Feasibility of establishing a food development centre.
- Special emphasis on organizing and assisting Island firms in displaying and promotion of their products at appropriate trade shows.
- The promotion of Island products locally, nationally and internationally in an effort to build a strong consumer acceptance, and, where appropriate, promote Prince Edward Island as a complete entity.
- Marketing support to assist Island firms diversify their production, increase the variety of products necessary to maintain and expand their market share.
- Assist Island firms to locate specialized production personnel to advise on production procedures and techniques required to improve efficiency and increase overall productivity.
- Increased co-operation with other provinces through joint marketing ventures.
- Development of an expanded market information system to assist Island firms in their marketing decisions.
- Provide marketing support and technical expertise to line departments in a more structured and effective manner.

AGRICULTURE

AGRICULTURE

CROP DEVELOPMENT

Cole Crops

During 1983, the Market Development Centre co-operated with the P.E.I. Department of Agriculture with the fifth year of a project to re-establish a viable cole crop industry on P.E.I. As in 1982, both brussels sprouts and cauliflower were grown and handled as in previous years. 1983 saw three growers taking part in a system that harvests and strips the sprouts in the field. The remaining 12 brussels sprouts growers harvested their product and delivered it to a plant in Montague for stripping. Cauliflower was again delivered to the P.E.I. Vegetable Growers' Co-Op in Sherwood.

In 1983, 110 acres of sprouts and 30 acres of cauliflower were harvested. Although a disappointing year was again experienced with cauliflower, in the case of brussels sprouts, the growers enjoyed an excellent crop year. An interest has been shown by all parties concerned in continuing to work toward a viable P.E.I. cole crop industry.

Funding, advice, technical service and production service for the cole crop project were provided by the P.E.I. Department of Agriculture, while the Market Development Centre, through the company Ward Holdings Ltd., handled negotiations with processors, contracts and all areas related to the processing of crops.

Blueberry Marketing

Assistance was provided to the P.E.I. Blueberry Marketing Co-Operative and the P.E.I. Department of Agriculture in implementing a blueberry marketing program for Co-Op members. Participating growers pooled their berries and offered them in a block to processors. Blueberries were delivered to a central receiving station where they were cleaned, assembled and shipped to the successful bidder. A total of 250,000 pounds of blueberries were handled during the past season.

COMMODITY PROMOTIONS

1983-84 Potato Promotion

Toronto, Montreal and Boston were the locales once again for potato trade dinners which kicked off this year's potato promotional campaign. The Toronto and Montreal dinners represented the seventh consecutive year for concerted advertising and promotional activities in each of these cities. The Boston event marked the fifth year running for active promotion in this market.

As in the past, the Market Development Centre worked in close co-operation with the Prince Edward Island Potato Marketing Board in assisting with the planning and implementation of the actual promotional campaign. This year's advertising campaign consisted of thirty second radio commercials which were aired in each of the cities for a thirteen week period, commencing in mid-November. The commercials, with the exception of those aired in French Montreal, were virtual repeats of last year's award winning spots developed by Prism Communications of Montreal. The commercials attributed and linked the superior quality of P.E.I. potatoes to the unique red soil in which they are grown.

Despite industry concerns of pending tariffs on Canadian round white potatoes entering the United States, the dinners were held in a spirit of optimism, with record numbers of attendees at each. Audio-visual presentations based on a modified version of the popular "Trivial Pursuit" game, made for active audience participation and an extremely informative and entertaining evening in each city.

Independent consumer research is conducted prior and subsequent to each year's campaign to measure performance in each market against campaign objectives. At the conclusion of last year's promotional campaign, P.E.I. potatoes had achieved unprecedented levels of market share in each of Toronto and English Montreal.

measuring 78% and 38% respectively. A strong campaign by potato producers in the province of Quebec reduced P.E.I.'s share in the French Montreal market to 14% while in Boston, P.E.I. obtained approximately a 6% share of the market. With healthy markets and a strong promotional campaign for '83-'84, it is anticipated P.E.I. potatoes will maintain their strong shares in each of Toronto and English Montreal, while gaining market prominence in each of French Montreal and Boston.

Cheese Promotion

The Market Development Centre assisted the P.E.I. Dairy Producers' Association with their first Island cheese promotion during the Fall of 1983. This promotion involved sales of specially packaged A.D.L. cheese by students in twelve Island schools. This type of promotion proved very successful and will likely be repeated in the future.

Pork Promotion

As in previous years, the increased consumption of pork was promoted on both provincial and Maritime levels. The Market Development Centre co-operated with the P.E.I. Hog Commodity Marketing Board and the Department of Agriculture in assisting "The Sizzler" to expand its Island pork barbecues, sponsoring the growth of the "Pork Producers' Wives", demonstrating pork dishes at food fairs, implementing a school promotion program and distributing pork recipe pamphlets.

The Maritime promotion consisted of participation in the "Food Fair Atlantic" and "ApEx '83" Food Shows, and an "Ours to Enjoy - Maritime Pork" campaign. This campaign consisted of a series of newspaper advertisements with brochures, posters, shelf talkers and stickers as support material.

Goat Milk Promotion

Dairy goat milk was featured in a series of in store demonstrations jointly sponsored by the Market Development Centre and the P.E.I. Goat Milk Producers' Association. At these demonstrations, Island consumers had the opportunity to sample "Garden City" goat milk.

Assistance was also granted to the Goat Milk Producers' Association for a fact finding mission to Ontario and Quebec. Information was gathered on the processing and marketing of goat milk cheese and yogurt.

Farmers' Markets

The Farmers' Markets were provided with "Taste a Little Island" promotional materials and advertising assistance. Assistance was expanded to include six Farmers' Markets across P.E.I., i.e. Charlottetown Market at Harbourside, the Summerside Market off Holman's parking lot, the West Prince Market in the Westland Centre at Bloomfield Corner, the Montague Market at the Down East Plaza, the Wood Islands Market at the ferry terminal and the market in Souris.

Days and hours of operation varied from one market to another and, for the winter months, assistance was again reduced to encompass only the Charlottetown Market as the others closed during this period.

Farmers' Markets are gaining in popularity with consumers as they continue to offer the best in agricultural, fisheries, home baking and handcraft products, as well as potted and bedding plants. Their future looks very bright.

Strawberry Promotion

During 1983, the Market Development Centre co-operated with the P.E.I. Department of Agriculture and the P.E.I. Strawberry Growers' Association in sponsoring a strawberry promotion to create consumer awarene s of their availability and provide suggestions for use of fresh and frozen strawberries.

This year's promotion consisted of pre-season and season newspaper ads (featuring growers' names, addresses and telephone numbers), a "Strawberry Festival" merchandising kit for retail and community organizations sponsoring festivals, a new "Strawberry Favourites" publication distributed via growers, ads and various media releases, and a new fact sheet for U-Pick operators inserted in the publication. Results of the promotion were quite successful and increased promotional activity is foreseen in the future.

TRADE SHOWS

County Fair Mall Mini Food Fair

At the beginning of March, 1983, the Market Development Centre and the County Fair Mall in Summerside sponsored a Mini Food Fair featuring Island products from 12 P.E.I. food processing companies and five commodity groups. Consumers who visited the booths were very pleased with the samples and recipes being distributed and learned much about the variety and quality of food products produced and processed on the Island.

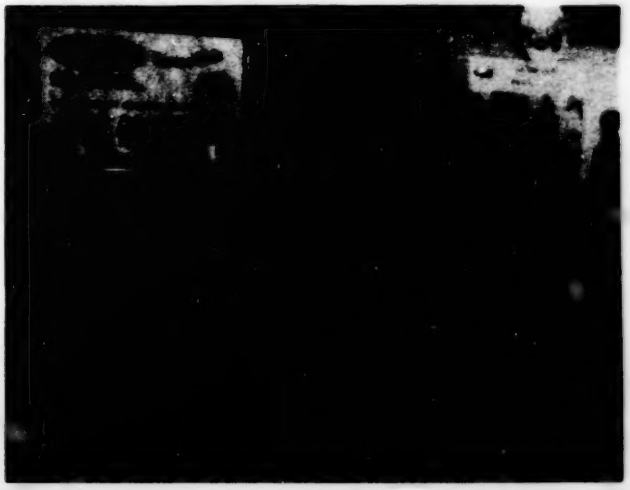
Food Fair Atlantic '83

For the fourth consecutive year, the Market Development Centre co-ordinated and manned a P.E.I. booth at Food Fair Atlantic held in Dartmouth, Nova Scotia, at the end of September. This year's Food Fair saw the largest attendance yet – approximately 22,000 people during the three days of the Fair. The P.E.I. booth distributed in excess of 4,500 samples of food products from local producers and processors and comments received were excellent.

The purpose of the Food Fair is to inform consumers in the Atlantic Provinces what food and food related products are produced locally and to encourage them to buy local products whenever possible.

Mini Food Fair – Confederation Court Mall

In October 1983, the Market Development Centre and the Confederation Court Mall in Charlottetown co-sponsored a Mini Food Fair featuring products from eight P.E.I. food processing companies and four P.E.I. commodity groups. As with other Mini Food Fairs, consumers sampled the products being offered, received recipes and learned about the variety and quality of food products produced and processed locally. This type of show has proven to be an excellent promotional and educational vehicle.



AGRICULTURE

ADVERTISING & PROMOTION

P.E.I. Honey

Assisted the P.E.I. Beekeepers' Co-Op Assn. to advertise their product and new brochure during the pre Christmas season.

Annual Select Yearling Sale

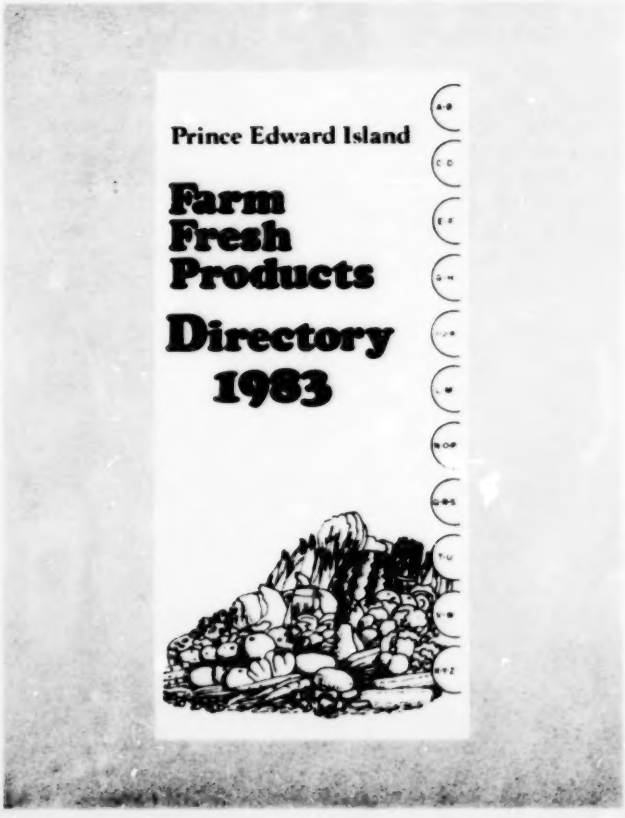
Assistance was provided to P.E.I. Colt Stakes to advertise and promote their Annual Select Yearling Sale. The sale was very successful with a record average price for the yearlings. The quality of the colts and fillies going through the sale ring was the best ever.

Farm Fresh Products Directory

A 1983 edition of the Farm Fresh Products Directory was printed which listed all pertinent information concerning market gardeners and farmers' markets across the province. Copies of this revised directory were distributed via tourist bureaus, Island Information Service, market gardeners, six farmers' markets, Chambers of Commerce, Regional Services Centres, Department of Agriculture and the Market Development Centre.

P.E.I. Food Processors Directory

During 1983, the Market Development Centre released a new updated version of the P.E.I. Food Processors Directory which was made available to food brokers, buyers, institutions and restaurants. This attractive new publication is in "kit" form and lists processors, together with their products, addresses, telephone/telex numbers and brand names. It is divided into four categories, namely, fruit, vegetables and flour processors; meat and poultry processors; dairy and miscellaneous processors; fish processors.



AGRICULTURE

PACKAGING & LABELLING

The P.E.I. Beekeepers' Co-Op Association were assisted in the development of a new and attractive package for honey which designated the product as being distinctly P.E.I.

A local food processor was assisted in the design and development of suitable packaging to serve institutional and retail markets.

A local honey producer was assisted in the design and development of a new label for bottled solid and liquid honey.

MARKET RESEARCH

Waterfowl Market Study

On behalf of an Island company a pre-feasibility study was undertaken to determine present and potential markets. Information on processing equipment and methods was also obtained.

Pre-peeled Vegetables

The Market Development Centre conducted a preliminary survey of selected institutional markets on P.E.I. to determine the weekly usage of vegetables and their interest in using pre-peeled fresh vegetables.

Fox Ranching

During the past year assistance has been provided to the fox industry to test market furs at Scandinavian auctions and to bring in a fur specialist from the garment industry to conduct a seminar on the garment industry's requirements. Potential buyers were also assisted in visiting Island ranches.

Dairy Industry

Several Island dairies were assisted with market research, market audits, new packaging and promotion of products in off Island markets.

FISHERIES

FISHERIES

GENERAL OVERVIEW

The 1983 season saw an increase in landings for most of our major species. The lobster and scallop fisheries landings increased by 27% and 37% respectively, and the combined value accounts for upwards of 75% of the fishery on P.E.I.

The groundfish industry was inconsistent in that cod landings increased 43% whilst the hake fishery decreased 25% with flounder landings remaining constant.

Landings of pelagic species were also mixed with herring landings up 35% and mackerel down 2%.

Processors were introduced to new techniques in packaging and processing and were also made aware of a simulated crab produced in Japan that could have a serious impact on the P.E.I. lobster fishery.

Once again, the industry on P.E.I. did not have to request the Fisheries Price Support Board for assistance, however, with current developments in imported simulated products, there may be a need in future years unless the problem is met head-on.

SHELLFISH

Lobster

Landings of lobster during the 1983 season increased dramatically 27%, to 15.45 million lbs. with a total value of $29.06 million, an increase of 28.6% over the 1982 dollar value and 88.0% over the 1981 value. Average prices in 1983 were $1.88/lb. compared to $1.86/lb. in 1982 and $1.59/lb. in 1981.

During the 1983 fishing season, there was a wide spread in prices paid for spring and fall lobsters, in some cases $2.25/lb. for spring versus $1.65/lb. for fall. Even with lower yields in the fall, the price spread enabled fall processors to produce lobster meat at a considerably lower price than the spring processors. The result being that the fall processors sold at a more profitable level than the spring processors.

The majority of the additional landings, 3.3 million lbs. was processed into lobster-in-brine and cold pack meat with the market sized lobsters being sold as such.

In 1983 the Market Development Centre provided assistance for the investigation of new markets, promotional activities, plus special emphasis on product consolidation rather than diversification.

Scallops

The scallop fishery was extremely active in 1983 with landings of 421,000 lbs. being reported and a record average price of $5.94/lb. being paid. These figures compare to 1982 landings of 307,000 lbs. with an average price of $3.50/lb. The higher prices can be, in part, attributed to the lack of demand for calico scallops from the Southern U.S. which had previously flooded the market. Because of poor quality, the demand lessened considerably.

The Market Development Centre provided support to packers in their efforts to improve product presentation to the consumer by using packaging techniques that allowed the product to be viewed.

Oysters

The year 1983 saw the continuance of efforts by the M.D.C. to assist local oyster shippers in the promotion of our world famous Malpeque oysters.

The Centre participated in efforts which brought three potential fish buyers into the province to meet specifically with local oyster shippers. This provided local shippers the opportunity to discuss price structure for the '83 season and to establish shipment scheduling. Buyers were introduced not only to oyster industry representatives, but to local carriers for discussions on tariffs and deliveries.

To support the sale of Malpeques in the marketplace, the M.D.C. again made available to the trade, full colour posters, brochures, and restaurant aids. These were distributed direct by mail to brokers and dealers in major market areas and via M.D.C. staff at trade shows and receptions.

Although traditional markets in Montreal and Quebec appeared more sluggish in 1983, developing markets in New England, Ontario and Western Canada resulted in another successful season. Plans for 1984 include a reassessment of markets, and a look at the continuance of trade receptions in the Quebec marketplace.

FISHERIES

Cultivated Mussels

P.E.I. mussel growers have overcome some of the problems in production, harvesting, transportation and marketing that plagued them during the earlier years of cultivating mussels.

There are approximately 25 cultivated mussel growers on P.E.I., most of them from Kings County, but there is some interest in Queens and Prince Counties.

Sales of P.E.I. cultivated mussels in 1983 were 323,000 lbs., a considerable increase over 1981 and 1982. The sales for 1984 are expected to reach close to one million pounds.

M.D.C. has continued to assist mussel marketing by many methods including HostEx '83 held in Toronto, where many hotel and restaurant chefs sampled mussels. Also at hotel and restaurant trade receptions held in Toronto, Ottawa and Montreal.

M.D.C. also assisted a CBC filming of mussel growing from seeding spat, harvesting, grading and finally serving a delectable mussel dinner.

Members of the P.E.I. Cultivated Mussel Growers' Association have decided to use the name "Island Blue Mussels". M.D.C. is registering this name and designing a logo for the Association.

Rock Crab

Rock Crab (Cancer Irroratus) was fished, processed and sold in test market quantities. Packaging was selected and crab meat was packaged in 6 oz., 1 lb. vacuum pack, and 5 lb. blocks, frozen as well as fresh.

Rock Crab has been a by-catch with lobster but its low yield of meat has deterred many seafood plants from processing it. Belle River Enterprises Ltd. of Belle River, P.E.I. were assisted jointly by the Department of Fisheries and the Market Development Centre in the test production and marketing of Rock Crab Meat.

Groundfish

Total groundfish landings for 1983 equalled 45.0 million lbs. compared with 42.2 million lbs. in 1982. The 1983 major share was made up of the following species:

Cod	14.98 million lbs.	+	43% over 1982
Hake	7.74 million lbs.	–	25% under 1982
Flounder/Sole	5.41 million lbs.	–	5% under 1982
Redfish	15.89 million lbs.	+	9% over 1982

which account for 95% of the total groundfish catch.

A project initiated by the Provincial Department of Fisheries and funded by the Market Development Centre resulted in markets in New England for headed and gutted fresh fish. A total of approximately 1¼ million pounds of headed and gutted groundfish were shipped consisting of cod, hake, dabs, blackback and yellowtail flounders, by two Island processors during the fall period before poor weather curtailed fishing.

FISHERIES

Pelagic

The major species in this group are herring, mackerel and tuna. Preliminary statistics for 1983 indicate an increase in herring landings of 35% to 14.11 million lbs. A major importer of the herring was Japan who is extremely impressed with the quality of fish being processed on P.E.I. This could be attributed to the P.E.I. industry relying almost exclusively on a day boat inshore fishery.

Landings of mackerel declined fractionally to 4.57 million lbs. in 1983.

The tuna catch was 789 fish with a total weight of 754,000 lbs. The increase was brought about by P.E.I. utilizing the unused quotas of other provinces, mainly Nova Scotia.

Trade Shows

The M.D.C. is a firm and strong believer in trade shows as an affordable way of promoting P.E.I. seafood products to the world marketplace and, as such, vigorously promotes to the seafood industry attendance at selected shows.

The P.E.I. seafood industry is always well represented at such events and during the past year attended the following trade shows:

- Anuga '83, Cologne, West Germany
- Seafood '83, Boston, U.S.A.
- HostEx '83, Toronto, Canada
- Tokyo and Osaka, Japan
- Food Fair Atlantic

Attendance at these shows is essential for P.E.I. processors to not only expand their present level of exports, but also to maintain good will and visibility. These appearances have lead the seafood industry of P.E.I. to develop reliable market and business contacts which have helped our industry through recent troubled times in the Atlantic fishery.

Incoming Buyers

Sixteen buyers who expressed a serious interest in expanding their purchases of P.E.I. seafood products were assisted in visiting P.E.I. to meet with our processors and see our industry firsthand. This program has lead to the development of several mutual business relationships which have proved beneficial to our fishery.

A group of Cuban government officials responsible for the purchase of salt fish were introduced to Island Saltfish Inc. This opens the door for P.E.I. to quote directly to the Cuban government. Other buyers came from Central and Western Canada, the U.S.A., and Europe.

Technical Assistance

General product development projects included:

- expansion of the shrink packaging technique
- evaluation of mussel meats in prolonged cold storage
- evaluation of mackerel fillets in prolonged cold storage
- evaluation of packaging materials for frozen fish
- evaluation of packaging materials for fresh fish
- development of equipment to remove meat from backbone of cod
- examination of Kamaboko type products

Packaging and Labelling

Labels and packages were developed for the industry but not on the magnitude of previous years partially due to the processors having filled their requirements in design during the previous decade the program was in effect. This does not mean that the program is winding down, but that initially, considerable effort was directed at the design and labelling areas. Included in the 1983 program were designs and packages of the following nature:

- bulk Queen Crab Meat
- retail fresh Rock Crab Meat container
- retail frozen Rock Crab Meat
- institutional Rock Crab Meat
- vacuum shrink packaging containers
- assorted seafood label designs

FISHERIES

Test Marketing

Several test marketing projects were carried out during 1983, the most notable being as follows:

- test market shipment of vacuum packaged seafood to Western Canada. Reported excellent quality and positive consumer acceptance.
- test market shipment of hake shipped under Canadian Whiting name. The quality was excellent indicating good future potential.
- Assistance to Provincial Department of Fisheries to exploit the market for headed and gutted fresh fish as identified by them.
- examination into the feasibility of air freighting fresh fish to California.

Market Information System

The basis of the system is to compile statistics on inventories, prices and markets and relay this information to the P.E.I. processors. Trends and opportunities are noted such as simulated crab products making inroads into traditional crab markets. The information is helpful to processors in determining their marketing tactics, and is forwarded to over twenty-five processors and interested fisheries people on a weekly basis and is used by the fishing industry in determining their marketing strategies.

SALES AND PROMOTIONAL ACTIVITIES

November Fish and Seafood Month

The Market Development Centre and the P.E.I. Department of Fisheries and Labour co-operated in promoting the increased consumption of fish and shellfish during "November Fish and Seafood Month". The promotion program consisted of a media luncheon, newspaper advertisements, a magazine advertisement, radio commercials and information packages to the retail, school and restaurant sectors. The P.E.I. promotion was part of the sixth nationwide promotion.

Hilton Canada Promotion

Hilton Canada featured a range of P.E.I. fresh and processed seafoods in two of their major restaurants in Ontario during 1983. The M.D.C. and the P.E.I. Department of Finance and Tourism co-operated in supplying promotional materials and hosting a reception for the festivals which ranged from two to three weeks in length. Hilton Canada restaurants continued to purchase specific Island seafoods after the termination of the festivals.

Consumer Education

Ongoing consumer education programs continued to inform Island consumers of the variety of seafoods available and the methods of preparing them. Newspaper advertising, a fresh fish retail promotion, recipe distribution and a newspaper column were all aimed at increasing the per capita consumption of local fish and shellfish.

In addition, seafood was featured at special activities held during the year such as a seafood barbecue for the Prince and Princess of Wales.

INDUSTRY

INDUSTRY

INDUSTRIAL MARKETING

Again in 1983, Prince Edward Island manufacturers were required to place special attention on their marketing activities to insure movement of their products to markets during continued difficult economic conditions. The Market Development Centre continued to provide assistance in the form of both finances and staff. Individual staff members assisted Island firms to develop good marketing activities to stimulate growth in existing and new market areas with special emphasis on improving existing products, developing new products, long-term planning and improving production efficiency.

Marketing assistance available from the Market Development Centre, to improve the marketing thrust of Island firms, ranges from individual company marketing plans to a series of individual projects depending on individual needs, usually include one or several of the following activities:

Market Research, Information and Education

Improve marketing capabilities through increased knowledge of the market for new and existing products.

Product Development

Development of new products and improvement of existing products, including product demonstration at or near customer's place of business.

Sales Assistance

Assistance in the identification and exploration of new sales opportunities such as market trips, incoming buyers, and distribution systems.

Marketing Plans

Encourage the development of long-term planning of marketing activities, goals and strategies to be undertaken during planning period. This would also include the services of a marketing specialist, when needed.

Advertising and Promotion

Production of promotional material such as brochures, flyers, catalogues, packaging material, along with the use of radio, television and printed advertisements.

Trade Shows & Displays

Attendance at suitable trade shows to promote, demonstrate and sell products.

Licensing and Joint Venture

Financial and technical assistance to assist in securing product licensing agreements and joint ventures.

During the past year, the following Island firms have developed and implemented marketing plans, marketing audits, and used specialized marketing assistance.

- TannerEye Ltd.
- Paderno Canada Ltd.
- Benner Industries Ltd.
- William Condon & Sons Ltd.

MARKET RESEARCH

During 1983, the Market Development Centre provided assistance to established firms and potential new firms to secure information on available market opportunities. The research varied from broad feasibility studies to specific information on such items as market location, market size, consumer needs, competitions and other pertinent information necessary in pinpointing opportunities.

The Market Development Centre research activities fall into the following categories:

1. Established companies requiring information to assist in expanding their present market, penetrating new markets for new products.
2. Feasibility of starting a new business by individuals or firms.
3. Verification of a potential new opportunity, product and/or market for firms, government departments and agencies.

Examples of market research during the past year include:

- Mushroom Market Update
- Maritime Pet Food Market
- Beverage Survey
- Rendering Plant Feasibility
- Colour Fish Finder
- Fish Net Manufacture
- Diagnostic Opportunities
- PEI-Newfoundland Trade Profile
- N.B. Frigate Seminar
- Computer Sound Analysis Survey
- Alcohol and Protein Market
- Gun Leather Market
- Space Enclosure Systems
- PEI Wood Products Survey
- Consumer Survey - C.D.P.

INDUSTRY

ADVERTISING AND PROMOTION

Promotional literature such as brochures, catalogues and product labels require continual upgrading due to changes in the marketplace, government standards and products.

During the year, Island firms developed the following promotional material:

- Eye Wear Components – TannerEye
- Houseware Brochure – P.C. Industries
- Unloading Equipment Brochure – Island Metal Fabricators
- Six Pack Carton – Seaman's Beverages Ltd.
- Beverage Label – Seaman's Beverages Ltd.
- Handcraft Brochure – Gaudreau Fine Woodworking
  – Stoneware Pottery
  – Kempton Jewels
- Vista Line French Translation – Eastern Convertors Ltd.
- Wood Chip Furnace – Phase 3 Furnace
- Control Panels – Island Control Ltd.
- Diagnostic French Translation – Diagnostic Chemicals Ltd.
- Marine Brochure – Georgetown Shipyard
- Cookware Brochures – Paderno Canada Ltd.

The Market Development Centre also assisted in the preparation of radio, newspaper and television ads for the following product areas:

- Lobster Bows
- Mini Barns
- Garages
- Beverages
- Concrete Products
- Fish Processing Equipment
- Cookware
- Control Panels
- Handcrafts
- Woolen Knitwear
- Industrial Paint

Audio Visual Production

Island firms continue to use the services of M.D.C. to develop their:

1. Advertising promotions via T.V.
2. To show manufacturing processes and facilities.
3. Trade show presentations.

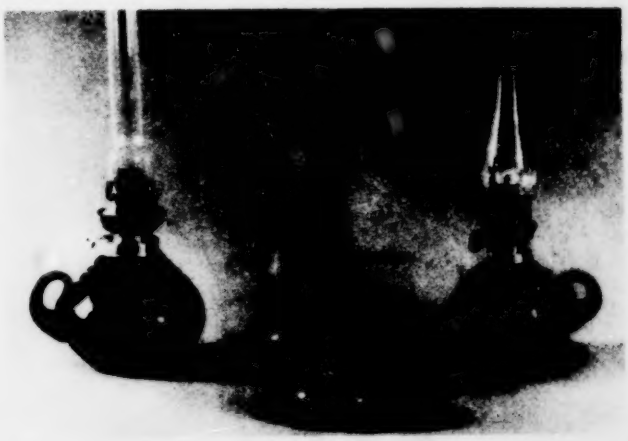
A manufacturing process V.T.R. was produced to assist in sales of cookware in Canada and the U.S.A.

Co-op advertising was provided to assist in selling local manufactured products on Prince Edward Island.

Handcrafts

The Prince Edward Island handcraft industry continues to prosper having 100 full-time craftsmen and 800 part-time craftsmen. Most belong to Craft Guilds and Co-Operatives. Total dollar sales were in excess of 2.75 million in 1983.

During the past year, the Market Development Centre continued to provide full-time craftsmen with assistance to develop promotional packages, sourcing of material, tariff information and to attend trade shows, such as the Toronto Spring and Fall Gift Shows, the Montreal Spring and Fall Gift Shows and the Calgary Spring & Fall Gift Shows. Twenty-five (25) firms participated with sales in excess of $130,000.



INDUSTRY

TRADE SHOWS

During 1983, Prince Edward Island firms participated and visited an assortment of Trade Shows in Canada and the United States. Attendance has allowed our firms to promote their products, establish product representatives in the area, secure good contacts, see new products and observe what the competition is doing.

Island firms have reported sales in excess of $1,200,000 as a result of attending the following trade shows:

- Spring Gift Show, Toronto
- Canadian Offshore Resources Exposition, Halifax
- Pre-Cast Concrete Exposition, Ohio
- Spring Gift Show, Montreal
- Business & Industry Show – Charlottetown
- Blueberry Growers' Workshop, Truro
- HostEx '83 – Toronto
- ApEx '83, Halifax
- Atlantic Farm Mechanization Show, Moncton
- Optifair West, California
- North American Blueberry Growers' Conference, Quebec
- Atlantic Business Industrial Show, Dartmouth
- Societies for Coating Tech., Montreal
- Canadian Machinery Exhibition, Toronto
- Maritime Winter Fair, Moncton
- Marine '83, St. John's
- Gift Show, Calgary
- Clinical Chemist Trade Show, Quebec
- Fall Gift Show, Toronto
- Institutional Furnishing Seminar, Toronto
- Fall Gift Show, Montreal
- Fisheries Council of Canada, St. John's
- Atlantic Fisheries Trade Fair, Yarmouth
- Pac-Ex '83, Toronto
- Atlantic Building Supply Dealers Assn., Moncton
- Canadian Home Sewing Show, Toronto
- Ideal Home Shows, Halifax & Saint John
- National Aquacultural Conference & Show, St. Andrews
- Promo Tech, Montreal
- Atlantic Craft Trade Show, Halifax

PRODUCT DEVELOPMENT

During 1983, the Design Canada/Market Development Centre "Product Development Management Program", P.D.M.P., which provides financial assistance enabling Island firms develop or improve existing products, along with the M.D.C.'s regular product development program, provided technical assistance and funding and achieved the following:

- Market research, identification of markets
- Design and prototype of new products
- Expansion of existing product lines
- Improvement of existing products
- Demonstration of new products
- Improve operating efficiencies
- Developed new packaging and labels

The following are some examples of products undertaken in 1983 by Island firms:

- Gill Net Hauler – Hall & Stavert Ltd.
- Zinc Alloy Technology – Precision Products & Services Ltd.
- Blueberry Harvester – M & S Metal Works Ltd.
- Semi-Gloss Odourless Enamel – Northumberland Chemicals Inc.
- Hydraulic Unloading Crane – Island Metal Fabricators Ltd.
- Utility Boxes for ¼ Ton Truck – Island Fiberglass Industries Ltd.
- Double Drum Trawl Winch – Hall & Stavert Ltd.
- Knitting Wool Colours – William Condon & Sons Ltd.
- Ni-Hard Castings – Hall & Stavert Ltd.

INDUSTRY

NEW MARKETS

Visits by company personnel to potential new market areas have assisted in the development of new sales contacts and allowed an exchange of knowledge of the new market area requirements.

In 1983, market familiarization trips in Canada and the United States have resulted in product sales in excess of $1,000,000 for the following product areas:

- Fish Unloading Equipment
- Fish Processing Equipment
- Vegetable Processing Equipment
- Fashion Eye Wear
- Optical Frames
- Candles
- Electrical Control Panels
- Lobster Trap Bows
- Meat Products
- Stainless Steel Cookware
- Potato Ventilating Systems
- Marine Hardware
- Clinical Reagents
- Windows
- Harvesting Equipment

LICENSING/JOINT VENTURE

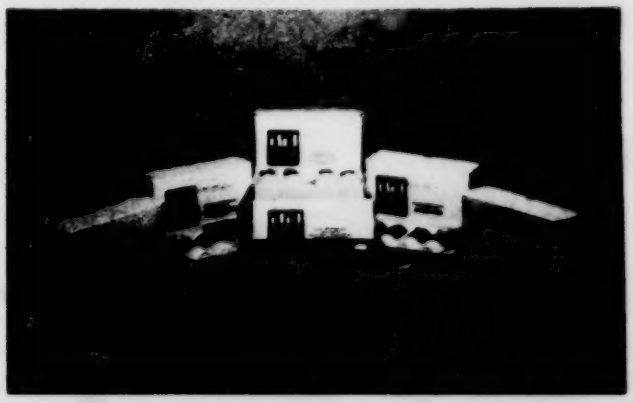
The Market Development Centre continued to provide assistance to help create new employment opportunities and strengthen Island firms' positions through encouraging the use of licensing agreements to secure new products from companies having new product technology for sale.

The purchase of technology can eliminate the high cost of research and development and provide buyers with proven products.

Cost shared financial assistance is being provided in the following areas:

- Locating sources of new technology
- Finalizing agreements, including specialized legal and consulting expertise
- Royalty guarantees during first year of the agreement

In addition to the above, in the professional search for products, a seminar was held to promote the opportunities and advantages of licensing products. The professional and legal aspects of licensing was presented by seminar leaders.



GENERAL

Merchandising Program

"Taste A Little Island" 1983 was an eight month Island products promotional campaign which was completed in August. The program was aimed at creating an awareness among P.E.I. consumers as to the brands and varieties of food products produced locally, and encouraging consumers to support Island processors by purchasing their products wherever possible.

The program consisted of point of purchase material (posters, shelf talkers and mobiles), newspaper advertisements, radio advertisements and radio contests. Four lucky Islanders were the winners of major contest prizes, and many others won smaller subsidiary prizes of Island products.

A pre and post consumer survey was used to evaluate the success of "Taste A Little Island" 1983, and to determine which components of the program were most effective. The survey indicated that there was approximately a 6% increase in the awareness of Island brand names, that 70% of the local people prefer to buy Island products when they are price and quality competitive, and that point of purchase materials are most effective in getting the message across to the public.

On the basis of the information learned in the pre and post survey a new 1984 "Taste A Little Island" program was developed. This second "Taste A Little Island" campaign is scheduled to begin in January of 1984.

Newfoundland Trade Mission

From May 31 to June 2, 1983, a number of representatives of business and government from the Province of Newfoundland and Labrador visited P.E.I. The delegation, lead by Premier Brian Peckford, consisted of representatives from fifteen Newfoundland based firms together with senior government officials representing Agriculture, Mines and Resources, and the Department of Development.

The visit by Premier Peckford and his delegation was in response to a previous visitation to Newfoundland of Island businessmen lead by P.E.I. Premier Jim Lee in August of 1982. The reciprocal missions were precipitated by the terms of an agreement between P.E.I. and Newfoundland-Labrador signed by Premiers Lee and Peckford in June of 1981, and which called in part for increased trade and co-operation between the provinces.

The Mission was highlighted by a luncheon reception hosted by Premier Peckford and a subsequent dinner reception hosted by Premier Lee. Throughout the three day visit, the Newfoundland delegation met with local business people and were extremely pleased with the reception and hospitality extended to them by the Island business community.

Six of the participating Newfoundland based firms felt definite increases in sales to P.E.I. would result from the Mission; four other firms expressed strong optimism for future improvements in sales activity.

Although not the primary interest of this particular Mission, at least four P.E.I. firms in attendance during the visit expressed confidence for increased sales of their products to Newfoundland.

Representatives from both provinces seemed well pleased with the results of the Mission and were optimistic with respect to future trade opportunities between the two Island provinces.

GENERAL

P.E.I. Trade Directory

A new issue of the Prince Edward Island Trade Directory was completed, providing essential trade information on Island firms and associations. The Directory has been distributed to manufacturers, agents, distributors, various government purchasing departments, libraries, Canadian Consulates and other interested individuals and organizations.

This edition lists Island companies under the following categories:

- Groups and Classes
- Alphabetical Listing
- Industrial Classifications
- Associations

Showcase

Showcase is the Market Development Centre's bi-monthly newsletter covering activities of staff and Island businesses in the Agricultural, Fishery and Industrial sectors. It provides information on marketing activities, new products and opportunities, trade shows, missions, seminars and other areas of interest.

Since its inception, the mailing list has grown to include readers across Canada, U.S.A., Japan, Europe and the United Arab Emirates.

Showcase

Demonstrations

In store demonstrations were used by different Island processors to inform local consumers as to what products they have available, to give consumers a chance to sample the product and to distribute recipe ideas. These in store demonstrations reach a large number of consumers on a one-to-one basis and processors report that sales of their products increase substantially during the demonstration, with some of the increase carrying over into the period following the demonstration.

Canadian Living

Prince Edward Island was the centre of attention in the September 1983 issue of "Canadian Living", a national magazine, when a sixteen page insert in the magazine dealt with Prince Edward Island and its agricultural and fishery products. Over fifty recipes and tidbits of information on P.E.I. and its products were developed co-operatively by the Market Developmeni Centre and the P.E.I. Departments of Agriculture, Fisheries and Tourism, and submitted to Canadian Living. In addition to the copies distributed through the magazine, copies were given out at food shows, fairs and demonstrations.

Recipe Development

The test kitchen facilities at the Market Development Centre were used frequently during the year as recipe development was done for a wide range of products for the "Taste A Little Island" Promotion and seafood recipes for a new fresh fish brochure were tested. In addition, a private processing company utilized the test kitchen for over twelve weeks while developing and testing a series of recipes on each of their products.

The kitchen facilities were also used in setting up two consumer test panels. Both panels assisted the processor in determining the public perception of specific products and pointed out areas where the product could be changed to become more satisfactory to the consumers.

APPENDIX A

FIRMS ASSISTED BY M.D.C. IN 1983

Abegweit Apiaries
Acadian Fisherman's Co-Op Assn. Ltd.
Amalgamated Dairies Limited
Anbrel Enterprises Ltd.
Atlantic Fish Specialties Ltd.
Atlantic Specialized Industries Inc.
Babineau Fisheries Ltd.
Belle River Enterprises Ltd.
Benner Industries Ltd.
British Woolen Knitters (Canada) Ltd.
Burleigh Brothers
Campbell & Burns Limited
Campbell's Concrete Ltd.
Carota Films Ltd.
Cass Craft of P.E.I.
Cavendish Farms
Charlottetown Driving Park
Charlottetown Farmers' Market
Charlottetown Metal Products Ltd.
Clearspring Fence Co. Ltd.
Coles Door Systems
Comet Construction
Condon, William & Sons Ltd.
Cousins, William
Custom Commercial Woodworkers
DMW Honey Producers
Dawson-Oakes, Margaret
Diagnostic Chemicals Limited
Dover Woodworking
Eastern Converters Ltd.
Espresso Incorporated
Federal Dairying Company
Fox Tech
French River Canning
Gaudreau Fine Woodworking
Georgetown Packers Ltd.
Georgetown Shipyard Inc.
Gorman Controls Ltd.
Grant, Remigus
Hall & Stavert Limited
Hannelore Reg'd
Harris, C.
Health Pasturized Milk Company Limited
House of Jib Inc.
Imapro Inc.
Island Control Limited
Island Fiberglass Industries Ltd.
Island Foam Insulation
Island Meat Packers Ltd.
Island Metal Fabricators Ltd.
Island Resources Ltd.
Island Shippers Ltd.
Jack's Quality Meats Incorporated
Jeeves, K.
Johnston's Home Style Products Limited
Kanata Aviation Ltd.
Keeping & MacKay Ltd.
Kingswood Centre, The
Kitchen Cabinet Centre Ltd.
Leoville Industries Ltd.
M & S Metal Works Ltd.
MacKay, M.
Marine Lobster Farms Ltd.
Mermaid Industries
McArthur, Brian
McDonnell, Clarence
McWilliams, Kenneth, Seafoods
Minegoo & Craft Soc. of P.E.I.
Montague Dairy Ltd.
Murray Harbour Seafoods Ltd.
Mushrooms P.E.I.
Nickerson Seafoods Ltd.
North Ocean Enterprises Ltd.
North Shore Packing Company Ltd.
Northumberland Chemicals Incorporated
Northumberland Seafoods Limited
Orwell Studios
PC Industries
P.E.I. Colt Stakes Inc.
Paderno Canada Ltd.
Perfection Foods Limited
Phase 3 Furnace
Polar Seafoods Limited
Prebilt Structures Limited
Precision Products and Services Ltd.
Progressive Wood Products
Pure Milk Company, The
Renewable Energy Systems
Rodlen Wood Chip Co.
Rollo Bay Enterprises Inc.
Saturn Corporation
Saw Industries Inc.
Schurman, M.F. Company Limited
Seaboard Digital Systems Inc.
Seaman's Beverages Ltd.
Shumates, The
Souris Seafoods Ltd.
St. Peter's Bay Mussel Farm Inc.
Stoneware Pottery
Sun Valley Farm & Hatchery Ltd.
TannerEye Ltd.
Tin Shop, The
Turning Point Woodworking
United Maritime Fishermen
Usen Fisheries Ltd.
Wendell Graham (1981) Ltd.
Wind Chimes
Wood Corporation Inc., The

APPENDIX A

Assistance was provided to Commodity Boards, Marketing Boards, Associations and Government Departments by the Market Development Centre in 1983.

Atlantic Mussel Growers' Association
Charlottetown Area Chamber of Commerce
Charlottetown Area Industrial Commission
Council of Maritime Premiers
Department of Agriculture and Forestry
Department of Fisheries
Department of Industry
Dept. of Labour and Holland College
Farmers' Market Committee
Food Processors of P.E.I.
Greater Summerside Industrial Commission
Industrial Enterprises Incorporated
West Prince Industrial Commission
P.E.I. Beekeepers' Co-Operative Association Ltd.
P.E.I. Blueberry Growers' Association
P.E.I. Blueberry Marketing Co-Op
P.E.I. Branch of Holstein Canada
P.E.I. Cole Crop Growers' Association
P.E.I. Craft Industry
P.E.I. Cranberry Growers' Association
P.E.I. Dairy Producer's Association
P.E.I. Egg Commodity Marketing Board
P.E.I. Fur Breeders Association
P.E.I. Goat Milk Producers' Association
P.E.I. Hog Commodity Marketing Board
P.E.I. Irish Moss Fishermen's Association
P.E.I. Lamb Co-Operative
P.E.I. Market Gardeners
P.E.I. Manufacturers' Association
P.E.I. Oyster Growers' Association
P.E.I. Oystermen's Association
P.E.I. Potato Marketing Board
P.E.I. Potato Producers' Association
P.E.I. Seafood Processors' Association
P.E.I. Sheep Breeders' Association
P.E.I. Shellfish Growers' Association
P.E.I. Strawberry Growers' Association
P.E.I. Trout Growers' Association

APPENDIX B

BOARD OF DIRECTORS

Name	Representing
Thomas L. DeBlois Chairman	Private Sector
Pius Callaghan Vice Chairman	Private Sector
Regis Duffy	Private Sector
Harry Fraser	Private Sector
Milton MacKay	Private Sector
Rundell Seaman	Private Sector
Charles Yeo	P.E.I. Marketing Council
Harry O'Connell	Department of Fisheries and Labour
Lloyd Palmer	Department of Agriculture
Garth Staples	Department of Finance and Tourism

STAFF

Don Baker	General Manager and Secretary-Treasurer to the Board of Directors
Sabina Mallard	Administrative Assistant
Jim Bliss	Director of Product Development
Stan Hayes	Director of Marketing
Ellen Rioux	Director of Accounting and Administration
Barbara Birch	Market Development Officer
Jim Clark	Market Development Officer
Ivan Kerry	Market Development Officer
Blair MacDonald	Market Development Officer
Kerry Quinn	Market Development Officer
Arlene Ranahan	Market Development Officer
Janis Agnew	Accounting Technician
Marie MacInnis	Clerk (Post Office)
Nancy Murphy	Secretary
Bernadine Taylor	Secretary

The staff of the Market Development Centre would like to take this opportunity to thank all members of the Board of Directors for the time and effort they have put into the Centre's activities in the last year.

APPENDIX C

AUDITORS' REPORT

To the Board of Directors of The Prince Edward Island Market Development Corporation:

We have examined the balance sheet of The Prince Edward Island Market Development Corporation as at March 31, 1983 and the statement of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Doane Raymond

Chartered Accountants

Summerside, Prince Edward Island
May 10, 1983

The Prince Edward Island Market Development Corporation
Balance Sheet
March 31, 1983

Assets

	1983	1982
Cash and term deposits	**$151,781**	$123,289
Receivables	**29,595**	44,363
Investment in subsidiary (Note 5)	**5,525**	3,395
Equipment and office furnishings, at cost	**66,433**	65,519
	$253,334	$236,566

Liabilities and Equity

Excess of revenue over expenditure (Note 2)	**$186,901**	$171,047
Investment in equipment and office furnishings	**66,433**	65,519
	$253,334	$236,566

Commitments (Note 3)

The Prince Edward Island Market Development Corporation
Statement of Revenue and Expenditures
Year Ended March 31, 1983

	1983		1982
	Actual	**Budget**	Actual
Revenue			
Province of Prince Edward Island, operating grant	**$1,553,047**	**1,382,000**	$1,299,400
Expenditure			
Administration	**98,765**	**100,000**	90,365
Marketing programs	**655,362**	**533,000**	692,995
Equipment and office furnishings	**913**	**1,500**	2,200
Materials and supplies	**29,468**	**28,000**	27,325
Professional fees	**131,829**	**182,000**	81,768
Salaries	**485,763**	**477,500**	388,775
Travel	**70,067**	**60,000**	54,738
	1,472,167	**1,382,000**	1,338,166
Less recoveries (Note 4)	**103,891**		208,918
	1,368,276	**1,382,000**	1,129,248
	184,771		170,152
Income from investment in subsidiary (Note 5)	**2,130**		895
Excess of revenue over expenditure	**186,901**		171,047
Excess of revenue over expenditure, beginning of year	**171,047**		114,781
	357,948		285,828
Reduction	**171,047**		114,781
Excess of revenue over expenditure, end of year	**$ 186,901**		$ 171,047

The Prince Edward Island Market Development Corporation
Notes to Financial Statements
March 31, 1983

1. Accounting policies

   a) Equipment

   The cost of equipment and office furnishings is written off in the year incurred. The accumulated costs are carried on the balance sheet as investment in equipment and office furnishings. No depreciation policy has been established to this date.

   b) Expenditures

   Where money is paid during the forty-five days immediately following the end of the fiscal year for a debt incurred during that fiscal year, the disbursement is charged as an expenditure of that fiscal year.

2. Excess of revenue over expenditures

   This amount is payable to the Province of Prince Edward Island.

3. Commitments

   a) Programs

   The corporation is committed to cost sharing programs with clients of $231,232 as at March 31, 1983.

   b) Leases

   The corporation is committed to a minimum annual rental of $39,000 in the next year under a lease agreement for office and storage space.

4. Recoveries of expenditure

	1983	1982
Grant - Department of Tourism, Industry and Energy	**$ 5,000**	
Revenue from projects	**58,789**	$158,993
Interest on term deposits (net of relocation expenses of $17,607)	**34,520**	47,890
Sundry	**5,582**	2,035
	$103,891	$208,918

5. Investment in subsidiary

On the instructions of Executive Council of the Province of Prince Edward Island, the Corporation was directed to purchase and operate Ward Holdings Ltd.

The following is a condensed version of the assets and liabilities, and results of operations of Ward Holdings Ltd. as shown in the financial statements for the year ended March 31, 1983.

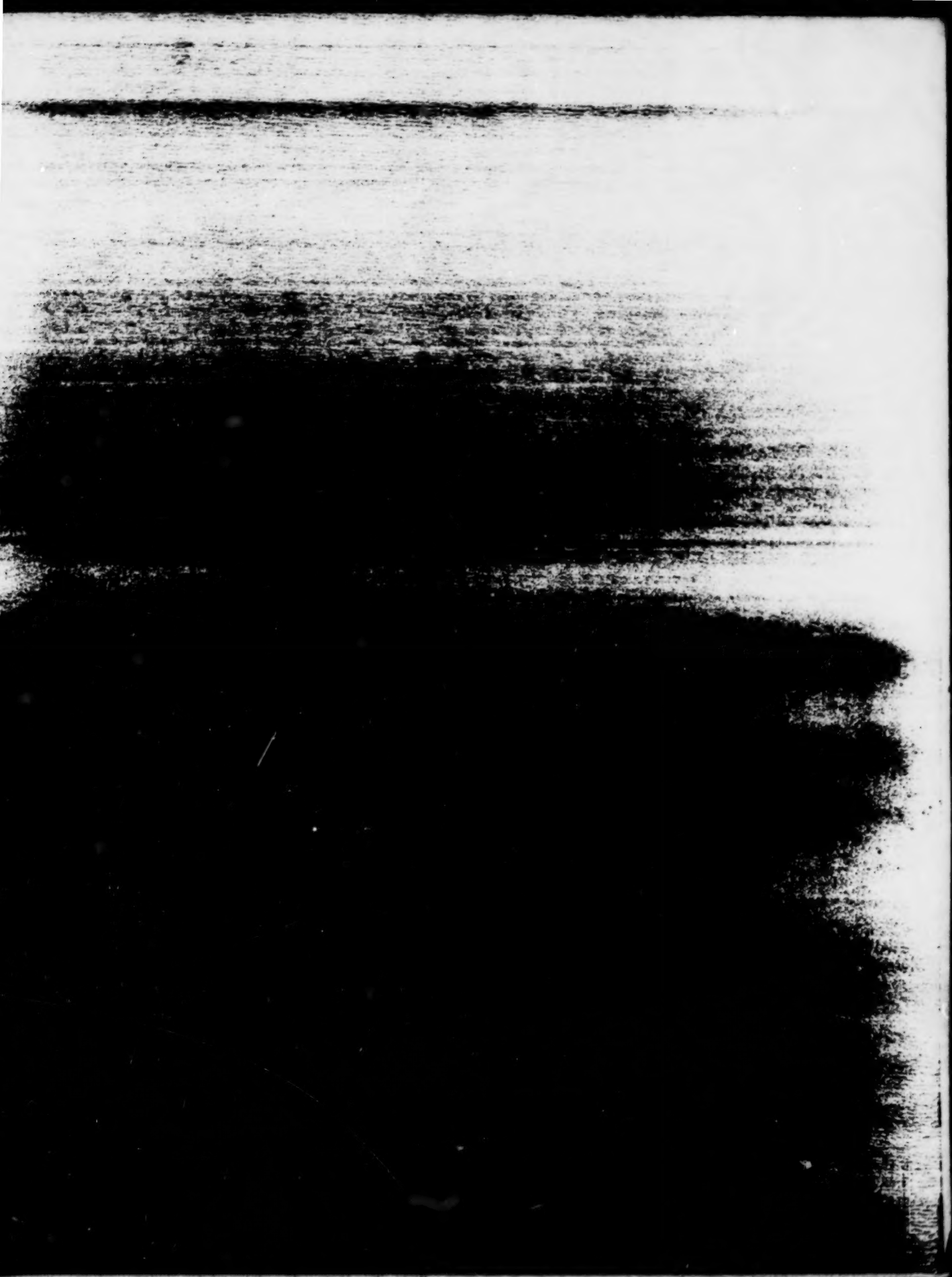
Balance Sheet

Assets	**1983**	1982
Current Assets	**$ 8,524**	$ 9,802
Equipment (Note 1)	**1**	1
	$ 8,525	$ 9,803
Liabilities		
Current liabilities	**$ 3,000**	$ 6,408
Shareholders' Equity		
Capital stock	**2,500**	2,500
Retained earnings	**3,025**	895
	5,525	3,395
	$ 8,525	$ 9,803

Statement of Income

	Year Ended March, 1983	Thirteen Months Ended March, 1982
Revenue	**$136,360**	$229,948
Expenses	**134,230**	229,948
Net income	**$ 2,130**	NIL

Note 1:
Ward Holdings Ltd. follows the method of writing off fixed assets in the year of purchase. Accordingly the fixed assets which had a cost of $209,223 (1982 $191,645) are carried in the financial statements at the nominal value of $1.



POOR

QUALITY

ORIGINAL